



26 August 2014

Divestment of Pacific Brands Workwear to Wesfarmers Industrial and Safety

Pacific Brands today announced that it has entered into an agreement to sell the Pacific Brands Workwear business (**Workwear**) to Wesfarmers Industrial and Safety (**WIS**), a division of Wesfarmers Limited (ASX: WES) for gross proceeds of \$180 million on a cash and debt free basis.

The sale is subject to approval from the Australian Competition and Consumer Commission (ACCC) and certain other consents and approvals.

In F14, the Workwear segment reported sales and EBIT (before significant items) of \$368.5 million and \$22.1 million respectively.

At 30 June 2014, the carrying value of related net assets to be disposed was \$140 million. Subject to timing, costs of disposal and completion adjustments, Pacific Brands expects to recognise a profit on sale (including reversal of previous impairments) of approximately \$35 million in the financial year ending 30 June 2015 (no tax effect).

An element of corporate and shared services costs allocated to Workwear will be unrecovered following full transition of the business, estimated to be approximately \$3-4 million per annum (pre-tax) net of savings from associated restructuring initiatives.

Net proceeds from the transaction will be applied to reduce net debt.

Pacific Brands Chief Executive Officer David Bortolussi said "The sale of Workwear simplifies and focuses Pacific Brands group strategy around maximising the potential of our market leading brands such as Bonds and Sheridan. It also reduces exposure to the challenging industrial market, and restores balance sheet strength to the company.

"We are continuing to consider other options to build shareholder value including further measured investment in retail, category expansion and international distribution, and exploring further options to simplify the business", Mr Bortolussi said.

"I would like to thank Matthew Cloughton, Workwear Group General Manager, and the entire Workwear team for their outstanding efforts in stabilising the business in what has been a very difficult market environment, and for the team's ongoing focus and commitment during the transition period to new ownership."

Pacific Brands also announced today its results for the year ended 30 June 2014. A briefing on the results and an update on the strategic review will be held at 11.00am AEST which will be available for viewing by webcast. A link to the webcast and webcast registration is available at www.pacificbrands.com.au.

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About Pacific Brands Workwear

Workwear designs, sources, manufactures and distributes industrial workwear, corporate wear, uniforms and specialised defence and emergency services workwear to customers across Australia, New Zealand, the United Kingdom and the United Arab Emirates. It owns a suite of iconic brands including the well-known industrial workwear brands Hard Yakka, KingGee and Stubbies, and supplies uniforms and imagewear to leading airlines, financial service providers and other large corporates though Stylecorp and NNT, as well as supplying defence and emergency services customers in Australia and New Zealand. Its retail presence in Australia includes 16 owned Totally Workwear and Hard Yakka Workwear Centre stores and 53 franchised Totally Workwear stores.

About Wesfarmers Industrial Safety

WIS is the leading provider of industrial and safety products and services in Australia and New Zealand. WIS own Blackwoods, Australia's largest distributor of industrial, engineering and safety workplace needs and Protector Alsafe, one of Australia's largest distributors of safety and protection products throughout Australia.